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UNITED NATIONS REFORM: MEASURES AND PROPOSALS

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Letter dated 13 October 1997 from the Permanent Representative of the United Republic of Tanzania to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the Ministerial Declaration of the Group of 77 adopted on the occasion of the twenty-first annual meeting of Ministers for Foreign Affairs of the Group of 77, held at United Nations Headquarters in New York on 26 September 1977 (see annex).

On behalf of the Group of 77, I would highly appreciate it if you would arrange for the present letter and its annex to be circulated as a document of the General Assembly, under agenda items 12, 20, 35, 46, 56, 58, 60, 95, 96, 97, 98, 99, 105, 106, 114, 117, 120 and 157.

(Signed) Daudi N. MWAKAWAGO
Ambassador
Permanent Representative of the United Republic of Tanzania to the United Nations
Chairman of the Group of 77

ANNEX

Declaration adopted by the Ministers for Foreign Affairs of the Group of 77 at their twenty-first annual meeting held in New York on 26 September 1997

MINISTERIAL DECLARATION

1. The Twenty-first Annual Meeting of the Ministers for Foreign Affairs of the Group of 77 was held in New York on 26 September 1997.

2. The Ministers addressed issues of interests to the Group of 77 covering areas such as global, economic situation, development and international economic cooperation, international trade, external debt of developing countries, financing for development, follow-up of United Nations major conferences and summits, industrialization, environment and development, critical economic situation in Africa, critical situation in the Middle East, reform of the United Nations, the United Nations financial situation and South-South cooperation.

GLOBAL ECONOMIC SITUATION

3. The Ministers, while welcoming the continued growth of global economy, noted some of the problem factors, in particular that:

- the world economy has not generated adequate employment and alleviation of poverty in the developing countries;

- the gap between the rich and the poor is growing among and within countries;

- volatile short term capital flows and rapid and sudden withdrawal of portfolio investments may create structural problems for the development of developing countries.

4. The Ministers noted that increased global competition does not automatically bring about faster growth and development nor does growth automatically reduce inequality. The liberalization of an economy in itself is not sufficient assurance that growth and development will follow. This depends on implementation of an enabling international environment which can promote growth with equity.

5. The Ministers noted that evidence is mounting that slow growth and rising inequalities are becoming a more permanent feature of the world economy. In future trade negotiations, it is essential to restore balance and to accelerate the liberalization of trade sectors of interests to developing countries.

DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

6. In reviewing developments in the world economic scene, the Ministers recognized the importance, inter alia, for world economic growth and expansion of trade. In this regard they noted the economic progress made by a number of members of the Group and

the increased importance of the Group in world economic affairs. They also recognize that developing countries, as a whole, are still confronted with many shared and common problems and challenges flowing from the deepening interaction among nations and accelerated globalization and liberalization of the world economy. In this context, they expressed concern on the increased vulnerability of developing countries to unfavorable external economic environment and that many members of the Group continue to face severe difficulties and experience sluggish or even negative economic growth. They stressed the urgency and importance of heightened international support for the developing countries, particularly the African, and the least developed countries, in order to broaden their opportunities for sustained economic growth and development.

7. The Ministers stressed that the processes of globalization and liberalization bring challenges and opportunities which affect virtually all countries, but in unequal ways. Liberalization has occurred in an uneven manner with obvious discrimination against areas in which the developing countries can achieve comparative advantage. Perceptions of an unfair multilateral trading system creates the threat of a potential backlash against globalization in developing countries. This could reverse beneficial reform and provoke a roll back of the achievements of economic integration. Such an uneven trend requires renewed partnership and the fulfillment of international cooperation commitments in order for developing countries to effectively benefit from these processes. This process must be managed on the basis of principles of non-discrimination and avoidance of measures that lead to unfair competition, as well as the recognition to the need for safeguard and preferential treatment of developing countries. In the context of liberalization, developed countries should lead in the liberalization of all factors of production particularly labour.

8. The Ministers were deeply concerned about the recent fluctuations in the currencies of some members of the Group caused by, inter-alia well-coordinated speculative activities to destabilize currencies for self-serving purposes and the negative impact of these fluctuations on their economic stability, growth, trade and development process. They are convinced that strengthened regional and multilateral cooperation have a central role to play in preventing such negative impact on growth and development.

9. The Ministers regretted that developed countries still lacked the political will to achieve effective and equitable solutions to the world economic growth. They also regretted the tendency on the part of a group of developed countries to take decisions of global concern outside the multilateral framework of the United Nations system that affect the world economy without giving full consideration to the interests of developing countries.

10. The Ministers called for the full and effective participation of the developing countries in the process of decision-making, standard setting and in the resolution of world economic problems through strengthening multilateralism aimed at promoting equitable growth in the world economy. They emphasized that the increasing globalization and liberalization of the world economy required an equitable and effective mechanism of multilateral macroeconomic policy coordination which should allow for

greater participation of developing countries and take into account their needs and concerns. They underscored the urgent need for the United Nations to play a more active role and to exert policy leadership on development issues and international development cooperation.

11. The Ministers called upon the developed countries to desist from taking any measures aimed at introducing new conditionalities in international economic cooperation, in particular those relating to trade and the environment, labour standards, official development assistance (ODA) and technology transfer, and restrictions on market access for the commodities, manufactures and services of developing countries, particularly in the light of dwindling resources for development cooperation.

12. The Ministers expressed the urgent need for certain developed countries to immediately eliminate laws and regulations with adverse extra-territorial impacts and other forms of coercive economic measures including unilateral sanctions against developing countries. They emphasized that such action not only undermine the principles enshrined in the Charter of the United Nations and international law, inter alia, sovereign equality of States, non-intervention and non-interference in their internal affairs, but also severely menace the freedom of trade and investment, which are also spelled out in many international legal instruments, including the principles establishing the World Trade Organization.

13. The Ministers also expressed their grave concern over the impact of sanctions on civilian population and development capacity in targeted countries and therefore urged the international community to establish sanctions only in strict conformity with the Charter of the United Nations with clear objectives, clear time frame, provision for regular review, precise conditions for their lifting and never to use them as a form of punishment or otherwise exact retribution.

14. The Ministers welcomed the conclusion and adoption of the Agenda for Development which provides a comprehensive and fundamental framework on principles, objectives, policy actions and institutional arrangements on international cooperation for development in the medium and long-term. They underscored the imperative of political commitment to effectively implement and operationalize this Agenda.

15. The Ministers stressed the importance of the "Renewal of a dialogue on strengthening international economic cooperation for development through partnership," which could serve as an essential mechanism to discuss emerging and urgent issues relevant to the strengthening of global partnership for development to further strengthen the efforts of the international community in implementing the agreed commitments and outcomes of the major United Nations resolutions.

16. The Ministers recognized that the Least Developed Countries (LDCs) are the weakest partners in the international community with the most formidable development problems. In a world economy, which is increasingly being shaped by the processes of

globalization and liberalization, the LDCs are marginalized from the mainstream of the world economy. The Ministers expressed their deep concern at the sluggish growth of the LDCs' economies. The LDCs have not been able to attract any significant amount of foreign investment, their debt burden has increased while external assistance has diminished. While supply-side constraints are an important impediment to development in the LDCs, the poor economic performance of these countries is also attributed to external factors such as a dwindling flow of ODA, depressed commodity prices and the debt crisis. It was also recognized that in order to benefit from and sustain the wide range of structural and economic reforms being undertaken by them as well as for laying down of infrastructure, an increased flow of external resources was required. The Ministers, thus, called upon all major donors to reverse the downward trend of assistance to LDCs and fulfil the agreed target of ODA as soon as possible. The Ministers further called upon the international community to implement fully the Programme of Action for the LDC's for 1990's in order to accelerate growth and development process in those countries. They also stressed the importance of initiating preparations for the Third UN Conference on LDCs, proposed to be held in 2000, which would offer a scope to comprehensively deal with the overall development problems of the LDCs.

17. The Ministers called on the international community to give special attention and support to the special development problems and needs of the Land-locked developing countries, particularly through technical cooperation and financial assistance by developed countries, and multilateral financial institutions to enable these countries to effectively participate in a rapidly globalizing world economy and international trade. They also noted that transit developing countries faced serious economic problems and that their efforts at developing a viable transit infrastructure also needed support from the international community. In this context, the Ministers welcomed the outcome of the third meeting of governmental experts from land-locked and transit developing countries and representatives of donor community.

18. The Ministers recognized the Barbados Programme of Action as a comprehensive tool for the international community to address serious problems faced by the Small Island Development States (SIDS) in achieving sustainable development. They expressed concern that there has not been commensurate support by the international community to implement this Programme of Action. In noting the importance to the SIDS of the full and comprehensive review of the Barbados Programme of Action scheduled to be held in 1999, the Ministers welcomed the decision of the Nineteenth Special Session of the General Assembly to hold a two-day special session immediately preceding the fifty-fourth session for an in-depth assessment and appraisal of the implementation of the Programme of Action. The Ministers renewed their call for continued support and strengthening of efforts at the international level to assist SIDS in the implementation and follow-up of the Barbados Programme of Action.

19. The Ministers are convinced that women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power, are fundamental for the achievement of equality, development and peace.

20. The Ministers accorded high priority, in accordance with national plans, to the implementation and follow-up of the Beijing Declaration and the Platform for Action adopted by the Fourth World Conference on Women. They stressed that the Platform for Action is the most practical means for the achievement of the Nairobi Forward-Looking Strategies to advance the goals of equality development and peace for all women world wide. The Ministers also took note of the efforts by the United Nations System to follow-up the outcome of the Beijing Conference and welcomed the initiatives of mainstreaming a gender perspective into all policies and programmes. They expressed their commitment to intensify the ongoing efforts addressing the various critical areas of concern and called upon the international community to continue supporting the developing countries, particularly the Least Developed Countries in their efforts to implement the Platform for Action.

21. The Ministers emphasized that sub-regional and regional cooperation is an important means of expanding trade and investment opportunities as well as the transfer of technology. The United Nations regional commissions should enhance regional cooperation between their member states in economic, social and related activities and strengthen the relationships in these areas both among themselves and with other countries of the world. They resolved to work for the strengthening of the regional commissions, which they recognized as valuable development oriented focal points of the United Nations system at the regional level. They stressed the need for a strong commitment by the international community to support regional economic cooperation within the framework of an open, equitable, non-discriminatory and rule-based multilateral trading system. In this regard, the Ministers noted that the regional commissions provide a valuable forum and mechanism to promote and strengthen regional cooperation.

22. The Ministers warmly welcomed the decision of the Government of the United Kingdom to rejoin UNESCO and urged other member States to take the necessary steps to achieve the universality of the organization. The Ministers are convinced that providing lifelong education for all, assisting in the advancement, transfer and sharing of knowledge, ensuring the free flow of information and the development of communication capacities, and promoting cultural development as well as preserving the cultural heritage of humankind, which are within the mandate of UNESCO, are necessary components of development.

23. The Ministers stressed the fact that Eradication of Poverty based on sustained economic growth, social development, environmental protection and social justice requires the equal involvement of both women and men as agents and beneficiaries of people-centered sustainable development. In this context, the Ministers reaffirmed that the goal of eradicating poverty in the world is an ethical, social, political and economic imperative which can only be achieved through a multidimensional and integrated approach.

24. The Ministers underscored the fact that provision of education, health services, water, particularly safe drinking water, sanitation and adequate shelter posed major constraints to economic and social development in developing countries. They called upon the international community to support national initiatives of these countries in addressing those constraints with special attention to the needs and rights of women and children and disadvantaged groups and persons.

25. The Ministers reaffirmed that the holding of a Special Session of the General Assembly in 1998 devoted to the strengthening of International Cooperation against the illicit production, sale, demand, trafficking and distribution of narcotic drugs and psychotropic substances and related activities will make a significant contribution to the effectiveness of the United Nations and Member States in the fight against this global problem.

INTERNATIONAL TRADE

26. The Ministers stressed the critical need for an equitable, secure, non-discriminatory and predictable multilateral trading system which should enhance trade and development possibilities of developing countries and facilitate an increased share of these countries in international trade. To this end, they urged developed countries to avoid all forms of protectionist tendencies and implement international trade liberalization measures as a necessary step towards the establishment of a just and equitable multilateral trading system. The Ministers stressed that the trade policy reforms being undertaken by developing countries would be frustrated unless the developed countries took positive structural adjustment measures providing larger export possibilities to developing countries. In this context, the Ministers underscored the need for supporting the developing countries in the process of implementation of various agreements relating to trade and development.

27. The Ministers urged that commitments undertaken in respect of trade liberalization by developed countries in areas of export interest to developing countries such as textiles and agriculture, be implemented so as to genuinely enhance their market access. They expressed concern at the high incidence and resort by developed countries to antidumping and countervailing duty measures to unfairly target developing country exports and the use of technical barriers, environmental and social concerns for protectionist purposes. The Ministers urged that both in respect of traditional areas of trade as well as new areas being covered by WTO, the special needs interest and circumstances of developing countries be integrated.

28. The Ministers recognizing the role of the United Nations Conference on Trade and Development (UNCTAD) as the principal forum of United Nations General Assembly for the integrated treatment of development and related issues in the areas of trade, finance, technology, investment and sustainable development, were convinced that the Tenth Session of the United Nations Conference on Trade and Development (UNCTAD-X), to be held in Bangkok, Thailand, in the year 2000 would provide a good opportunity to advance global partnership for economic cooperation for the next

millennium. The Ministers attach great importance to UNCTAD's role in supporting developing countries in the context of the ongoing and future trade and development negotiations. They further reiterated their strong commitment to strengthen and support UNCTAD so that it will fully carry out its trade and development mandate.

29. The Ministers emphasized the importance of ensuring the universality of the World Trade Organization (WTO) and, in this context called for expeditious accession without political impediment for applying developing countries that are not members of the World Trade Organization and also for ensuring transparency.

EXTERNAL DEBT OF DEVELOPING COUNTRIES

30. The Ministers underscored that the debt burden had an adverse impact on the economies of the developing countries. They expressed deep concern that the development efforts of developing countries, in particular the provision for essential social and economic services, including housing, education and health, are severely hampered by the imperative need to set aside a substantial portion of national budgets for the servicing of external debt. This situation was further exacerbated by the negative effect of the structural adjustment process, flow of financial resources from developing to developed countries, unpredictability of the international financial system, and conditionalities by international financial institutions including denying some developing countries access to their resources on political grounds, decline in official development assistance, deteriorating terms of trade of developing countries and sharp falls in commodities prices as well as escalating protectionism in the developed countries. It was further noted that the various debt relief measures have not gone deep enough to alleviate substantially the burden of debt and debt servicing of developing countries. The Ministers, therefore, stressed the urgent need for effective, equitable, development oriented and durable solution to the external debt and debt servicing problems of developing countries.

31. The Ministers stressed the need for a further enhancement of the Naples terms by the Paris Club, including debt cancellation. They also noted the need to take decisive steps aimed at substantially reducing bilateral official debts through their cancellation or writing off. They further stressed the urgency for a swift implementation of the Heavily Indebted Poor Countries (HIPC), debt initiative by the World Bank and the IMF, as well as the need to implement the Initiative's eligibility criteria flexibly so as to ensure sufficient coverage of concerned countries.

32. The Ministers underscored the importance of foreign direct investment (FDI) as an instrument for economic growth and development in developing countries. In this context, they recognized that many developing countries are undergoing extensive economic reforms to establish a positive investment climate. They stressed that as part of their effort to increase the flow of resources to developing countries, industrialized countries should provide greater incentives for foreign investment in developing countries. The Ministers reiterated the Group's position that FDI cannot replace ODA.

FINANCING FOR DEVELOPMENT

33. The Ministers stressed the need for strong commitment by the International community for mobilizing adequate resources for the effective contribution to accelerate sustained economic growth in the developing countries. The Ministers expressed deep concern for the evident lack of political will by the developed countries and in this regard they urged for a re-commitment by these countries on the financing of development process in developing countries.

34. The Ministers reiterated the urgent need for a substantial increase of official development assistance (ODA) in view of the declining levels of such assistance in recent years. In this regard, they strongly urged compliance with internationally agreed targets of ODA and commitments for new and additional resources . In particular they urged the developed countries to provide 0.7 per cent of their GNP to developing countries by the year 2000 and commitments reflected in Agenda 21 as well as 0.15 per cent for the least developed countries in accordance with the Paris Declaration and the programme of Action adopted in September 1990.

35. The Ministers recalled the recent adoption by the General Assembly and the Economic and Social Council of the United Nations of several resolutions relating to the need to strengthen collaboration between the United Nations and the Bretton Woods Institutions in the achievement of the goals of development cooperation.

36. In this context, the Ministers called for the convening an International Conference on financing of development with a broad agenda. They decided that the Group of 77 shall pursue this matter when the item comes up for consideration in the Second Committee of the General Assembly. The Group should act in close collaboration with the Group of 24 having in mind that, to assure its success, the international conference should be prepared as soon as possible.

FOLLOW-UP OF UNITED NATIONS MAJOR CONFERENCES AND SUMMITS

37. The Ministers stressed the critical importance of effective follow-up to landmark United Nations conferences and summits held since 1990, namely the World Summit for Children, the Second United Nations Conference of the Least Developed Countries, the United Nations Conference on Environment and Development, the World Conference on Human Rights, the Global Conference on the Sustainable Development of Small Island Developing States, the World Conference on Natural Disaster Reduction, the International Conference on Population and Development, the World Summit for Social Development, the Fourth World Conference on Women, the United Nations Conference on Human Settlements, the World Food Summit and UNCTAD IX. The Commitments, recommendations and measures agreed to at those conferences must be implemented as soon as possible. In this regard, it is especially important to fully honour the commitments pertaining to the financing of actions envisaged in the conferences, as well as establishing effective institutional mechanisms for follow-up action.

38. The Ministers called upon the developed countries to fulfil their commitments for the implementation and follow-up of decisions and recommendations set forth in the programmes of Action and relevant documents adopted at the major Untied Nations Conferences and Summits held in this decade. The Ministers also expressed grave concern at the fact that commitments made by the developed countries at the highest levels are not being honoured. The Ministers also cautioned against any approach which seeks to implement selectively the outcomes of the Summits, thereby excluding the international community's obligations in areas such as providing greater markets access, easing the debt burden, and promoting financial flows and technology transfers.

INDUSTRIALIZATION

39. The Ministers reaffirmed the continued urgency to promote industrialization as a dynamic instrument for the rapid economic and social development of developing countries, contributing to the eradication of poverty and the creation of productive employment. Recognizing that the efforts of the developing countries in implementing their policies and strategies of industrialization could not succeed without an favorable international environment, the Ministers called for enhanced international cooperation to enhance technology transfer, market access, financial flows and capacity building in support of the developing countries in their process of industrialization.

40. The Ministers underscored the role of the United Nations Industrial Development Organization (UNIDO) as an independent specialized agency with a central coordinating role within the United Nations system in the field of industrial development and reiterated their strong commitment to strengthen and support UNIDO in exercising fully its development mandate. They noted with satisfaction the completion of the reform process undertaken successfully by UNIDO which aimed at enhancing its effectiveness as a global forum for supporting and promoting industrial development and a provider of specialized technical cooperation services. The Ministers warmly welcomed the decision of the Government of the United Kingdom to remain in UNIDO and urge other member States to take the necessary steps to ensure the universality of the Organization.

ENVIRONMENT AND DEVELOPMENT

41. The Ministers noted the outcome of the Nineteenth Special Session for Overall Review and Appraisal of the Implementation of Agenda 21 (UNGASS). The Ministers further noted with deep concern that the outcome of UNGASS had shown that there has been little progress in achieving the Earth Summit's goals, primarily due to a failure by the developed countries to fulfil their obligations in regard to provision of new and additional financial resources and the transfer of technology. They expressed deep concern that the overall trends with respect to sustainable development are worse today than they were in 1992, and the developing countries are most vulnerable to environmental degradation and various disasters which come with it. The Ministers emphasized that the efforts by the developing countries towards achieving sustainable development objectives, can only be effective with simultaneous efforts towards accelerating sustained economic growth and development of developing countries

through, inter-alia, the creation of an enabling external economic environment conducive to the development process in particular in the fields of finance, technology transfer, debt and trade.

42. The Ministers reiterated the urgency to accelerate the comprehensive implementation of Agenda 21. In this regard, they stressed that such implementation should not contradict the right of the developing countries to benefit fully from the utilization of their resources which are vital for sustained economic growth and development. The Ministers called on the developed countries to fulfill all their commitments contained in Agenda 21, which require them to halt their own destructive impacts on the global environment while assisting the developing countries in combating such threat.

43. The Ministers stressed that insufficient financing is the key obstacle to the promotion of greater effectiveness of developing countries' efforts in the protection of the environment. They reemphasises the importance of international cooperation to provide the developing countries with new and additional financial resources without imposing any forms of conditionalities. In this regard, they reiterated the need for political will on the part of developed countries for the effective implementation of their commitments embodied in Agenda 21 in the area of financial resources. In this connection, they pointed out that the existing Global Environment Facility (GEF) resources are far from being adequate. They therefore stressed that GEF resources should be increased and that there should be more flexibility in the disbursement of its resources in order to enable more countries to benefit from it.

44. The Ministers stressed that the development and transfer of environmentally sound technologies are essential components of a successful strategy for sustainable development. Therefore, it is important to emphasize that effective modalities be agreed upon for the creation, development, favourable access to and transfer of environmentally sound technologies to developing countries on favourable terms, including concessional, preferential and grant terms. This arrangements should include the establishment in developing countries of international, regional and subregional technology centres, and the dissemination of information on existing environmentally sound technologies.

45. The Ministers welcomed the convening of the First Conference of the Parties to the United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa. Furthermore, the Ministers welcomed the impressive 108 ratifications so far, and urged other countries which have not yet ratified the Convention to do so as soon as possible. They also stressed that all environmental conventions including the Convention to Combat Desertification should enjoy equal treatment. In this context, they emphasized that the establishment of an independent financial mechanism which benefit from its own resources is imperative for the implementation of the First Conference of the Parties to the Convention to Combat Desertification.

46. The Ministers expressed concern over the weakening of the United Nations Environment Programme (UNEP). They reaffirmed their commitment to strengthen UNEP as the leading global environmental organization and urged developed countries to support UNEP with adequate and predictable financial resources. The Ministers expressed their resolve not to countenance any measure that would weaken UNEP in any form.

CRITICAL ECONOMIC SITUATION IN AFRICA

47. The Ministers reiterated their profound concern at the persistent critical economic situation in Africa. They were convinced that, if not reversed, current trends could considerably worsen the situation, thus endangering the economic and social conditions of African countries and hampering the prospects for their rehabilitation and development. They expressed their solidarity with the African countries and urged the international community, particularly the developed countries and the United Nations system, to adopt and implement concrete and effective measures to support the efforts of the African countries in the process of economic reforms and development.

48. The Ministers noted with deep concern the critical conditions in the external debt of African countries and the heavy and unbearable burden of debt-servicing that had led to the paradoxical situation where African countries found themselves net exporters of capital to the developed countries and international financial institutions. Furthermore, the Ministers noted that the deteriorating prices for primary commodities, insufficient foreign investment and declining flows of official development assistance to the region has adversely affected the ability of African countries to meet their development objectives as well as their other financial obligations.

49. The Ministers urged the international community to reaffirm its commitment to resolving the severe problems facing the African continent. This should include a durable solution to Africa's external debt problem, diversification of African economies, more access to trade and market opportunities, resource flows, and transfer of technology. The Ministers welcomed the Mid-Term Review of the United Nations New Agenda for Development of Africa in the 1990s (UN-NADAF) at which Africa and the international community renewed their commitment to and adopted a set of recommendations on new measures aimed at giving further impetus to the implementation of the New Agenda in the spirit of partnership. The Ministers also welcomed the Secretary-General's special initiative on Africa launched on March 1996 as one of the means of operationalizing the Mid-Term Review of the United Nations New Agenda for Development of Africa in the 1990s.

CRITICAL SITUATION IN THE MIDDLE EAST

50. The Ministers expressed their concern over the deteriorating economic and social situation of the Palestinian people as a result of the continued illegal Israeli policies and action in the Occupied Palestinian Territory, including Jerusalem, particularly settlement activities, the closure of the Palestinian territory and the withholding of Palestinian

revenues. In this context, the Ministers stressed the need to preserve the territorial integrity of all of the Occupied Palestinian Territory to guarantee the freedom of movement of persons and goods, and to respect the fundamental human rights of the whole population in the territory. The Ministers reemphasized the need for international assistance to support Palestinian development efforts in the economic and social fields in the pursuit of sustainable development, and called on the international donor community to deliver the financial assistance pledged to the Palestinian Authority.

51. The Ministers expressed their concern at the stalled peace process in the Middle East and the persistence of the Israeli occupation of the Palestinian territory, including Jerusalem and other Arab territories, which gravely deteriorate the living conditions of the Arab population under occupation, as well as negatively affect the national efforts to achieve sustained economic growth and sustainable development in the region. In this context, the Ministers urgently called for the implementation of the agreements reached and for international support to reactivate and complete the peace process from the point it was stopped at, emphasizing the necessity to respect all agreements, guarantees and commitments reached during previous stage of the peace talks. They also reaffirmed their support to the Palestinian people in their efforts to achieve their inalienable rights. including the right to establish their own independent state on their national soil. including Jerusalem. They reaffirmed further the permanent responsibility of the United Nations in dealing with the Question of Palestine. At the same time, the Ministers reaffirmed their support for the Peace Process initiated at the Peace Conference on the Middle East, held in Madrid, which aimed at achieving comprehensive, just and lasting peace in the region, on the basis of Security Council resolutions 242 (1967), 338 (1973) and 425 (1978), and the principle of "Land for Peace". The Ministers, further, called on Israel to comply with all United Nations resolutions to put an end to its occupation of all Palestinian territory, including Jerusalem and other Arab territories including the Syrian Golan and South Lebanon.

REFORM OF THE UNITED NATIONS

52. The Ministers reiterated the importance of the United Nations as the central forum for dialogue and negotiations on issues relating to international cooperation for development and called upon all States to respect the principles and purposes as embodied in the Charter of the United Nations. They also called for a stronger United Nations system to handle the complex and interrelated problems facing the world economy, in due coordination with the multilateral financial institutions. They expressed deep concern at the financial crisis of the United Nations, which has placed in jeopardy the ability of the Organization to fully implement its mandated programmes and which undermines the very essence of multilateralism.

53. The Ministers expressed a high political importance to the strengthening of the role of the United Nations in promoting international cooperation for economic and social development. The Ministers strongly believed that the United Nations should be allowed to develop its full potential in the field of international economic cooperation. To that

end, the realization of the right to development should be given utmost priority by the United Nations.

54. The Ministers observed that the reform of the United Nations is an ongoing process. Proposals for reforms have been considered in the context of the Open-Ended High Level Working Group on the Strengthening of the United Nations system, resolution 50/227 and the Secretary-General's reform proposals. In this regard, the Ministers welcomed the efforts of the Secretary-General in the ongoing process of the reform and took note of his report entitled "Renewing the United Nations" A Programme for Reform," presented on 16 July 1997. The Ministers stated that the Group of 77 will study this report and take a position in due course.

55. The Ministers strongly endorsed the statement of principles on UN reforms adopted by the 22nd Meeting of the Chairmen/Coordinators of the Chapters of the Group of 77 held in Geneva from 7 to 9 July 1997. In this context the Ministers reaffirmed these principles as follows:

(i) The reform process must strengthen the UN's ability to fulfil its role and functions in the development field, with the General Assembly providing the leadership to ensure the fulfillment of the social and economic goals enunciated in the United Nations Charter;

(ii) The reform process should be carried out with the primary objective of strengthening the capacity of the Organization to address development issues and to respond effectively to the development needs of developing countries. It should not be motivated by the aim of downsizing the United Nations and achieve savings;

(iii) The developmental tasks of the United Nations are of fundamental importance and may not be treated as secondary to its peacekeeping, human rights and humanitarian functions. Managerial measures to reduce overlap of functions, eliminate redundancies and minimize fragmentation are exceedingly important, but must be subservient to the larger goals of the reform process;

(iv) The United Nations must carry out its mandated, comprehensive role in the economic and social areas. This includes policy analysis, consensus building, policy formulation and coordination, and delivery of technical assistance to developing countries;

(v) The United Nations General Assembly's role in the area of macro-economic policy formulation and coordination has to be strengthened and the core economic issues must be restored to the top of the United Nations' agenda;

(vi) The United Nations, by virtue of its universal membership, is the most credible organization for performing developmental tasks. Assumption of some of these tasks, especially economic policy formulation and coordination, by limited groups outside the UN system is not the best way of ensuring equitable economic growth and development. Equally, the tendency to have these functions performed by organizations within the UN system with "weighted" means of decision-making, on the misleading grounds of "comparative advantage", is neither sustainable nor beneficial in the long run;

(vii) All reform proposals must aim at giving greater effect to the principles of transparency, pluralism, and democracy which are the unique strengths of the United Nations. This means ensuring the availability of multiple perspectives/analyses on critical socio-economic issues and the strengthening of democratic decision-making processes;

(viii) The functioning of organizations within the United Nations system which do not fully observe democratic norms should be comprehensively reviewed. The decision-making process of the Bretton Woods Institutions should be reformed to allow for greater democracy, universality and transparency;

(ix) The reform of the Secretariat should be undertaken in accordance with the relevant United Nations resolutions. These resolutions stress that restructuring of the Secretariat should proceed with the objective of enhancing the effective implementation of the objectives of the Charter; emphasize the prerogative of the General Assembly in the creation, transfer and abolition of posts; assert the principle of equitable geographical representation in the staffing of the Secretariat; and preclude the monopoly on senior posts of any States or group of States;

(x) A primary pre-requisite for enhancing United Nations effectiveness is to have stable, predictable and adequate financing for the United Nations. Member States must fulfil their legal obligations to pay their contributions promptly, in full and without conditions, in accordance with Article 17 of the Charter, and take concrete actions to clear their arrears within a reasonable and defined time-frame and without any conditionalities.

THE UNITED NATIONS FINANCIAL SITUATION

56. The Ministers expressed their deep concern over the chronic difficult financial situation of the United Nations due to the failure of Member States, in particular some major contributors to comply with their financial obligations in full, on time and without conditions. Its magnitude is unprecedented and have virtually left the Organization teetering on the brink of insolvency and therefore represents the most acute threat to multilateral cooperation for development. it has also resulted in the delay of the

reimbursement of the troop contributing countries, particularly those of the developing countries.

57. The Ministers reaffirmed the legal obligation of Member States to bear the expense of the Organization in accordance with the Charter of the United Nations and the requirements to pay their assessed contributions in full and on time and without conditions. While recognizing the need to extend sympathetic understanding to those that are temporarily unable to meet their financial obligations as a consequence of genuine economic difficulties, in all other cases, the Ministers urged members of the United Nations, in particular some major contributors, to exert every effort to pay all their dues unconditionally, in full and on time.

58. The Ministers reaffirmed that the principle of the "capacity to pay" is fundamental in the assessment of the Member States contributions to the United Nations. The Ministers further stressed that the developing countries should not be assessed a rate higher than the capacity to pay as a result of any adjustments in the scale. The Ministers noted that the current floor assessment has resulted in a serious departure from the principle of the capacity to pay for a large number of small member States from developing countries.

59. The Ministers also reaffirmed that the principle contained in the special scale of assessments established in resolutions 1874 (S-IV) of 27 June 1963 and 3101 (XXVIII) of 11 December 1973 for the apportionment of the costs of peacekeeping operations must be adopted on a permanent basis. In this regard, they stressed that the scale for the financing of these operations must clearly reflect the special responsibilities of the permanent members of the Security Council and economic situation faced by other countries or groups of countries, particularly developing countries. In this context, the Ministers further stressed that the establishment of a ceiling and a floor for the Permanent Members of the Security Council is totally unacceptable.

60. The Ministers reiterated their concern at the continuing financial cutbacks to an already severely limited programme budget of the United Nations which has continued to threaten the very functioning of the United Nations and would adversely affect the Organization's capability to implement fully the programmes and activities which Member States have entrusted to it, particularly in the field of international and regional cooperation for development. In this regard, the Ministers stressed the need for the reform process of the United Nations, to strengthen, rather than weaken the implementation of all approved programmes and activities and related secretariat support structures.

SOUTH-SOUTH COOPERATION

61. The Ministers reaffirmed their commitment to Economic and Technical Cooperation among Developing Countries (ECDC/TCDC) and reiterated their conviction that it constitutes an integral and essential part of the efforts of the developing countries to promote economic growth, technological capacities and accelerated development. They also reiterated their conviction that South-South cooperation not only is a means of taking

advantage of existing and potential complementarities in the economies of developing countries, but can also contribute to restructuring international economic relations and to strengthening the world economy.

62. The Ministers furthermore noted with satisfaction that in the past few years there has been a robust resurgence of interests, willingness and determination among developing countries in South-South cooperation. The new expectations, in turn, have sparked a strong movement to introduce into the South-South cooperation process strategic and innovative approaches and modalities in keeping with changing global circumstances so that South-South cooperation becomes more dynamic and realistic. In this regard, the Ministers supported the Asian-Africa cooperation framework as a mechanism to strengthen South-South Cooperation and particularly welcomed the outcome of the Asia-Africa Forum II held in Bangkok 11-13 June 1997. They also reiterated their conviction that as a mean of enhancing their negotiating power vis-a-vis the developed countries, South-South cooperation was essential to reduce the vulnerability of the developing countries to the effects of adverse international economic environment.

63. The Ministers recognized the increased relevance and importance of South-South cooperation in the current international economic climate. They therefore reiterated their support for South-South cooperation both as a strategy in support of the development efforts of the developing countries and as a means of ensuring their equitable participation in the emerging global economic order. They also endorsed the measures identified by the Meeting of Chairmen/Coordinators of the G-77 Chapters held in Geneva in July 1997 aimed at strengthening South-South cooperation as a strategic element in the overall economic development strategy of the Group.

64. The Ministers endorsed the decisions of the tenth session of the High-level Committee on Technical Cooperation among Developing Countries, held in New York from 5-9 May 1997, which called upon the international community to provide the necessary, adequate financial and technical support to enable the developing countries to implement the recommendations contained in the report on New Directions Strategy for TCDC which emphasized the need to focus on high priority issues such as trade and investment, production and employment, poverty eradication, environment and macroeconomic management that are likely to have a major impact on the developing countries. In this regard, they urged the UN system to address effectively and operationalize the implementation of recommendations contained in the New Directions Strategy as well as to expand the utilization of TCDC modality in the operational activities for development of the United Nations system.

65. The Ministers emphasized the increasing importance and complementarity of economic and technical cooperation among developing countries as a means of supporting the development efforts of these countries and ensuring their effective participation in the emerging global economic order that is increasingly shaped by the forces of globalization and economic liberalization. They urged the United Nations system to foster closer linkages on policy and operational aspects between TCDC and

ECDC. In this regard, they welcomed the adoption of New Directions by the High-level Committee on the Review of TCDC and urged the Administrator of the United Nations Development Programme (UNDP) to continue to preserve the separate identity of the Special Unit for Technical Cooperation among Developing Countries and to increase its resources to enable the Unit to carry out its responsibilities and mandate.

66. The Ministers restated the request by the tenth High Level Committee of Technical Cooperation among Developing Countries that the Administrator of UNDP in consultations with the organizations and agencies of the United Nations system to submit the recommendations on the guidelines for the review of policies and procedures concerning TCDC to the Fifty-second session of the United Nations General Assembly.

67. The Ministers appealed to the members to contribute generously to the "ECDC Account" in order to facilitate the implementation of the Caracas Programme of Action. For those that have not contributed a special appeal was made to do so and to those who have already contributed an appeal was made to increase their contributions.

68. The Ministers recognized the importance of the role and activities of the South Centre and reaffirmed their continued support the Centre. In this regard, they welcomed the fact that 25 countries had acceded to the Agreement to Establish the Centre and invited all members of the Group who had not done so to consider ratifying the Agreement. They also welcomed the valuable contribution of the Centre to the work of the Group of 77 and called on developing countries to support financially the Centre. The Ministers also invited all Members of the Group of 77 to financially support the Centre with the goal of reaching the target for the capital fund entirely with the contributions from the South in order to enable the Centre to fulfill efficiently its mandate.

69. The Ministers approved the report of the Twelfth Meeting of the Committee of Experts of the Perez-Guerrero Trust Fund (PGTF) presented in accordance with the guidelines for the utilization of PGTF, and approved its recommendations. They expressed satisfaction with the results achieved by PGTF and agreed to explore ways and means to expand its resources.

70. The Ministers strongly encourage developing countries that are in a position to provide support, to contribute generously to organizations and funds which are involved in promoting South-South cooperation, including the United Nations Trust Fund on South-South Cooperation, the Perez-Guerrero Trust Fund, and the Global System of Trade Preferences among Developing Countries (GSTP) including the South Centre.

71. The Ministers welcomed the outcome of the South-South Conference on Trade, Investment and Finance held in San Jose, Costa Rica, from 13 to 15 January 1997 and emphasized the need to ensure an effective follow up of the San Jose Declaration and Plan of Action and other related sectoral meetings, as well as the importance of holding sectoral follow-up meetings as envisaged in the Caracas Programme of Action for Economic Cooperation among Developing Countries. They called on Member States to come forward to offer venues to these meetings as well as other meetings that might arise

from the Intergovernmental Follow-up and Coordination Committee on ECDC (IFCC-X) and provide their full support for the implementation of the recommendations of these meetings.

72. The Ministers expressed their full support for convening a South Summit at an appropriate date in the near future, as called for in the San Jose Declaration on South-South Cooperation.

73. The Ministers expressed their full support of the view to enhancing coordination and interaction among the Chapters of the Group of 77 through consultations and exchanging of information among the various Chapters on a regular basis as identified in the final Communique adopted by the Meeting of Chairman/Coordinators of the Group of 77 Chapters held in Geneva in July this year.